

REMARKS

By the January 14, 2004 Office Action, all of the pending claims 1-55, 57-61 and 65-68 were rejected as being unpatentable over Salvo, U.S. Patent No. 6,341,271.

Applicants respectfully request reconsideration of the pending claims because, as discussed with the Examiner during the March 17, 2004 telephone interview, Applicants believe that the claims as presently written contain limitations, which may have been unintentionally overlooked during the Examiner's initial review, that patentably define the claimed invention over Salvo.

In particular, Applicants respectfully submit that:

- (a) Salvo does not disclose, teach or suggest a method for analyzing "*and planning*" an inventory as required by claim 1;
- (b) Salvo does not disclose, teach or suggest generating a "*stocking plan*" as required by claim 1 and expressly defined in the specification; and
- (c) The dependent claims, for example claims 13, 14, 19, 28, 33, 38, 42, 65, and 68, contain additional limitations not disclosed, taught or suggested by Salvo.

These observations are discussed in greater detail below.

A. Salvo does not disclose, teach or suggest a method for analyzing "*and planning*" an inventory as required by claim 1.

It is well known in the art that inventory *management* systems such as the ones taught by Salvo and the other references noted on the PTO-892 attached to the Office Action, and inventory *planning* systems such as the one disclosed and claimed by Applicants, are vastly different and address different business problems relating to inventory.

The preamble of claim 1 indicates that the present invention is directed to "a method for analyzing and planning an inventory." Claim limitations are evaluated in the context of the preamble. (See MPEP 2111.02 at 2100-48, 49 (Aug. 2001)). Applicants' specification compares and contrasts inventory management and planning. "Management" systems manage day-to-day or short-term quantities of products in inventory, whereas "planning" systems assist with longer-term, strategic decisions regarding the inventory, including not only how much of each product to stock, but also, *which* products to stock in the first place. (See specification, p. 1 lines 20-30).

Salvo only teaches an inventory management system. In particular, Salvo's system is directed to monitoring the amount remaining of each item in the inventory and the lowest

available price, in real time, to determine when to order more of a given product. (See col. 2 line 57 - col. 3 line 23; col. 3 lines 42-48; col. 4; col. 6).

Fig. 1 depicts the real-time operation taught by Salvo. As shown in Fig. 1, the items in the inventory have already been selected – they are contained in the receptacles 104. (See col. 4 line 12). Salvo's items are unfinished pieces that are assembled into a finished product by a manufacturing process. (See col. 4 lines 6-8). Salvo teaches timing an order or selecting a vendor to obtain the lowest available price for the inventory (col. 6 lines 7-27), but Salvo does not teach or suggest selecting or changing the items that are in the inventory, i.e. to reduce cost. For at least these reasons, Salvo does not disclose, teach or suggest selecting items to be included (or not included) in an inventory, i.e., "planning" an inventory.

Salvo also discloses that its inventory management system is particularly directed to "vendor-managed inventory," and not to inventory management more generally. (Col.1 lines 6-7; col. 2 lines 57-58). "Vendor-managed inventory" is a term of art well-known to those familiar with inventory management techniques. Vendor-managed inventory is inventory that is actually managed by the inventory vendor, not the manufacturer. Thus, with vendor-managed inventory, the manufacturer *must* transmit its inventory data to the inventory vendor in real-time so that the vendor can ensure that it has enough inventory on-hand to fill the manufacturer's orders. (See col. 7 lines 39-51). Salvo does not teach or suggest a system that does not operate in real time.

Because Salvo only teaches an inventory monitoring and ordering system that operates in real-time, Salvo does not teach or suggest an inventory "planning" system as claimed by Applicants.

B. Salvo does not disclose, teach or suggest generating a "stocking plan" as required by claim 1.

Applicants have expressly defined the term, "stocking plan," in the specification. "A stocking plan is a function of stocking coverage (which items in an inventory to stock or not stock) and stocking levels (how much of each item to stock)." (Specification, p. 20 lines 13-15). When the specification provides definitions for terms appearing in the claims, the specification can be used in interpreting claim language. See MPEP 2111.01 at 2100-47 (Aug. 2001).

As mentioned above, Salvo is only concerned with maintaining adequate levels of existing inventory. (See col. 4 lines 32-33; 59-60; col. 5 lines 4-7). Salvo does not disclose,

teach or suggest any way of determining which items to stock or not stock, i.e., stocking coverage. Applicants' claimed stocking plans are defined in the specification to include stocking coverage. Therefore, Applicants' claims are patentable over Salvo.

C. The dependent claims, for example claims 13, 14, 19, 28, 33, 42, 65, and 68, contain additional limitations not disclosed, taught or suggested by Salvo.

Claims 13 and 14 specifically recite elements of the stocking plan that relate to stocking coverage, i.e., an item to be stocked (claim 13) and an item not to be stocked (claim 14). As discussed above, Salvo does not disclose, teach or suggest generating a stocking plan that identifies the items to be stocked or not stocked.

Claims 19, 28, 33, 65 and 68 all require more than one stocking plan to be generated, and one of the stocking plans to be selected. Salvo only discloses monitoring inventory levels to determine, on a real-time basis, when to order more of an item in inventory. Salvo does not disclose, teach or suggest generating multiple stocking plans or selecting from more than one stocking plan.

Claim 42 specifically requires the stocking plan to be generated based on a rule relating to inventory turns. Salvo does not even mention inventory turns.

Final Comments

Applicants submit that the application is in condition for allowance and respectfully request that the same be granted. Applicants request that, if necessary, this Response be considered a request for an extension of time for a time appropriate for the Response to be timely filed. Applicants request that any required fees for filing this Response be charged to the account of Bose McKinney & Evans LLP, Deposit Account Number 02-3223.

Respectfully submitted,

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